

DRAFT - 2002 Farm Bill - Policy Considerations

BIMA Mission Statement?

Goals:

- **Increase Participation**
- **Streamline Administration**
- **Improve Program Integrity**

Mandatory Provisions

Section 4103 - Standard Deduction (effective October 1, 2002) – This provision replaces the current, fixed standard deduction with a deduction that varies according to household size and is adjusted annually for cost-of-living increases.

- PCR 13646 is currently being researched by Deloitte Consulting. Change is scheduled to go into production as part of the FPL mass changes effective Oct. 1, 2002

Section 4107 - Simplified Definition of Resources (effective October 1, 2002) – This provision increases the resource limit for households with a disabled member from \$2,000 to \$3,000 consistent with the limit for households with an elderly member.

- PCR 13645 is currently being researched by Deloitte Consulting and is scheduled to go into production to affect Oct. 2002 FS eligibility.

Section 4401 - Partial Restoration of Benefits to Legal Immigrants (various effective dates) – This provision restores food stamp eligibility to qualified aliens who are otherwise eligible

- These provisions extend federal FS eligibility to some legal immigrants currently receiving benefits through the SOFSP. Must be compared to the current SOFSP plan to determine the State GPR savings

Optional Provisions	Brief Analysis	Current MA Policy	Impact on Goals	Recommendations
Section 4107 - Simplified Definition of Resources (effective October 1, 2002) – Provides a State option to exclude certain types of resources that the State does not count for TANF or Medicaid (section 1931).	Under this option, States could not exclude cash and amounts in financial institutions that are readily available, or other resources as determined by USDA.	All resources are exempt for Family Medicaid. Most resources are counted for EBD Medicaid.	<ul style="list-style-type: none"> • Reduced documentation requirements for participants and workers. • Very few benefit errors are identified due to incorrect resources. • Average FS household liquid resources - \$142 	
Section 4102 - Simplified Definition of Income (effective October 1, 2002) This provision allows a State option to exclude certain types of income that are not counted under the State's Temporary Assistance for Needy Families (TANF) cash assistance or Medicaid programs.	Currently, all regular and predictable sources of income must be included in the FS budget with the exception of a long list of sources that must be excluded. This option would allow alignment of the FS countable income definition with MA and/or TANF with certain exceptions.		<ul style="list-style-type: none"> • Reduce the types of income that must be reported and verified for FS • Simplify the definition and align program policies • Increased automation would reduce the chances of worker and client errors 	
Section 4109 - State Option to Reduce Reporting Requirements (effective October 1, 2002) – This provision allows States to extend semi-annual reporting of changes to all households not exempt from periodic reporting. Under current regulations, this option is limited to households with earnings. For States choosing the option, households required to report less often than every three months would only have to report when income exceeds the gross income limits.	Currently, all FS households are required to report the following changes within 10 days: <ul style="list-style-type: none"> • Employment • \$100 in child support • \$25 in other unearned income • Residence/shelter expenses • Resources above limit • Persons moving in/out 		<ul style="list-style-type: none"> • Essentially freezes the FS benefit amount for 6 months for most cases • Requires fewer FTF interviews • Reduces required actions by worker between certifications (reviews) • Requires correct eligibility and benefit determinations at certification and 6-month report to reduce the error rate • Cannot include EBD or migrant households 	

Section 4101 - Encouragement of Payment of Child Support (effective October 1, 2002) Allows States, at their option, to treat legally obligated child support payments to a non-household member as an income <i>exclusion</i> rather than a <i>deduction</i> (as provided in current law). It requires USDA to establish simplified procedures that States, at their option, could use to determine the amount of child support paid by a household, including information from a State's child support enforcement agency.	Currently, child support payments are allowed as a deduction from gross income. This option would allow child support payments made by a food stamp recipient to be excluded from gross income prior to the gross income test. It also allows the State to define the methodology for the determination of how much should be excluded (i.e. average of payments made in the last 3 mos; last 30 days; etc)		<ul style="list-style-type: none">• May allow more households to pass the gross income test• Would simplify the process for local agencies when determining how much to exclude	
Section 4106 - Simplified Determination of Deductions (effective October 1, 2002) – This provision allows States to disregard reported changes in deductions during certification periods except for changes associated with a new residence or earned income until the next recertification.	Currently, changes in deductions are acted on at certification, recertification, and reported change. Types of FS deductions include: <ul style="list-style-type: none">• Child Support Payments• Shelter/Utility Expenses• Medical Expenses• Child Care Expenses		<ul style="list-style-type: none">• May fit with semi-annual reporting option.	

Section 4115 - Transitional Food Stamps for Families Moving from Welfare (effective October 1, 2002) – Under this provision, States may extend from the current 3 months up to 5 months the period of time households may receive transitional food stamp benefits when they lose TANF cash assistance	FS benefit may be frozen without a change reporting requirement for 5 months following the loss of W2 cash benefit with certain exceptions.		<ul style="list-style-type: none"> • Relatively few cash assistance cases statewide • May reduce error rate for these cases if benefits are correctly calculated when W2 cash ends • Adds a layer of benefit determination knowledge required for W2/FS eligibility workers 	
Section 4105 - Simplified Determination of Housing Costs (effective October 1, 2002) – This provision allows States to use a standard deduction from income of \$143 per month for homeless households with some shelter expenses.	Currently households, including homeless, are allowed actual shelter expenses as deductions.	N/A	<ul style="list-style-type: none"> • Responsibility for some shelter expense must still be reported (and verified?) by homeless households in order for the standard deduction to be allowed 	
Section 4112 - Alternative Procedures for Residents of Certain Group Facilities (effective October 1, 2002) – This provision requires USDA to conduct pilot projects to test the feasibility of issuing standardized rather than individual allotments to residents of small group facilities for the disabled, shelters for battered women/children or the homeless, and drug or alcoholic treatment centers.	Currently residents of various types of group facilities are required to apply individually for FS. Benefits continue when they leave the facility.		<ul style="list-style-type: none"> • Requires a pilot plan to be submitted by the State to FNS outlining how the State would issue a standard allotment to the resident (or facility?) in these situations. • Possible outreach initiative • Possible EBT Project • Estimate that relatively few clients would benefit 	

Other Provisions	Brief Analysis	Current MA Policy	Impact on Goals	Recommendations
Section 4104 - Simplified Utility Allowance (effective October 1, 2002) – This provision allows States to simplify the Standard Utility Allowance (SUA) if the States elect to use the SUA rather than actual utility costs for all households. For these States, it eliminates the current requirement to prorate the SUA when households share living quarters and it allows the use of the SUA for households in public housing with shared meters that are only charged for excess utility costs.	Option to mandate the use of SUA was available prior to this Farm Bill. ONSPI had decided to implement this option in 2001, however restrictions involved with current FNS regulations delayed the implementation. Modified request to mandate has been submitted to FNS and we are waiting for their response. With FNS approval, SUA will be mandated and pro-ratio will no longer be required.	N/A	<ul style="list-style-type: none">• Should simplify SUA determinations	N/A
Section 4114 - Availability of Food Stamp Program Applications on the Internet (effective 18 months after enactment of the Farm Bill) provision requires State agencies that have a Web site to post applications on these sites in the same languages that the State uses for its written applications.	Downloadable application form must be made available from Wisconsin's FS web page. FS-only application will be developed for this purpose. Does not mean that on-line application process must be made available – however other States have developed this capability.		<ul style="list-style-type: none">• Increase access to application• Easier to maintain than paper forms• Saves on printing costs since applications could be downloaded and printed as needed – instead of ordered ahead of time	

<p>Section 4116 - Grants for Simple Application and Eligibility Determination Systems and Improved Access to Benefits (effective October 1, 2002) – Authorizes up to \$5 million of appropriated funds for each of fiscal years 2003 through 2007 to pay the full costs for projects to improve access for food stamp eligible households or to develop and implement simplified application and eligibility systems.</p>			<ul style="list-style-type: none">• Opportunity to develop demonstration project• Could be used to develop internet application capability• Could be used for outreach effort such as SSI – S. Carolina project	
<p>Section 4112 - Alternative Procedures for Residents of Certain Group Facilities (effective October 1, 2002) – This provision requires USDA to conduct pilot projects to test the feasibility of issuing standardized rather than individual allotments to residents of small group facilities for the disabled, shelters for battered women/children or the homeless, and drug or alcoholic treatment centers.</p>				

<p>Section 4113 - Redemption of Benefits through Group Living Arrangements (effective on enactment of the Farm Bill) – This provision allows group homes and institutions to redeem EBT benefits directly through banks in areas where EBT has been implemented rather than going through authorized wholesalers or other retailers.</p>				
<p>Section 4118 - Reform of Quality Control (QC) System (effective October 1, 2002) — This provision makes substantial changes to the QC system that measures States’ payment accuracy in issuing food stamp benefits. Only those States with persistently high error rates would face liabilities.</p>	<p>Allows a one year (FFY 2003 – 10/01/02 – 09/30/03) “window” for Wisconsin to make program changes to improve the error rate without sanction liability. Assuming the error rate does not drop below the threshold in FFY 2003, there would not be sanction liability unless the error rate still exceeded the threshold in FFY 2004 (10/01/03 – 09/30/04)</p>			
<p>Section 4120 - Bonuses for States that Demonstrate High or Most Improved Performance (effective on enactment of the Farm Bill) – For FY 2003, the current enhanced funding system that is based on error rates is replaced with a performance system that will award \$48 million in bonuses each year to States with high or improved performance for actions taken to correct errors, reduce the rates of error, improve eligibility determinations, etc, as determined by USDA.</p>				

<p>Section 4121 - Employment and Training (E&T) Program (various effective dates) – Authorizes for each of fiscal years 2002 through 2007 \$90 million for unrestricted E&T funding and up to \$20 million in additional funding for States that pledge to offer work slots to unemployed, childless adults who are subject to the 3-month time limit for food stamps. The provision also eliminates: 1) the requirement that 80 percent of unmatched funds must be used for able-bodied adults with dependents; 2) the requirement that States maintain their 1996 E&T funding levels to access additional funds; and 3) the limits on the amounts that USDA will reimburse States for work activities. Fiscal year 2001 and prior year funds are rescinded when the Farm Bill is enacted unless States have already obligated these funds. Effective on enactment, it eliminates the \$25 per month cap that USDA will reimburse States for transportation and other work costs incurred by participants in E&T programs.</p>				
--	--	--	--	--